

INFORMATIONAL ITEM

Subpart V Regulation Submission of Policies, Provisions of Policies and Rates of Premium

The Agricultural Risk Protection Act of 2000, (ARPA) added provisions to the Federal Crop Insurance Act that provide for the reimbursement of research, development and maintenance costs incurred by private parties in developing and maintaining insurance products that are approved by the Federal Crop Insurance Board of Directors under Section 508(h) of the Act. To fully implement these changes the Risk Management Agency was required to revise its regulations governing the Submission of Policies, Provisions of Policies and Rates of premium. This regulation is found at 7 C.F.R. Subpart V.

Several changes were made to Subpart V as a result of ARPA 2000. These changes are:

1. Allows applicants of approved 508(h) products to be reimbursed by FCIC for research and development and maintenance costs. Consistent with the ARPA changes the draft regulation contains provisions for policies developed prior to passage or ARPA and those submitted and approved after passage of ARPA.
2. Sets forth requirements for the establishment, by the Board, of a group of independent reviewers who will review all submissions under section 508(h) to determine if the submission is in compliance with the Act.
3. Establishes deadlines by which the Board must approve or disapprove a submission or negotiate deadline extensions with the applicant of the submission.
4. Allows applicants to give FCIC the approved submission to maintain at some point in time after approval by the Board.

A section regarding Non-Reinsured Supplemental Policies was also added to Subpart V in order to add structure and accountability to the review of these policies, as well as to provide timelines to the supplemental policy review process. Non-Reinsured Supplemental Policies provide add on coverage to an underlying federally reinsured crop insurance policy and are usually developed by companies reinsured by FCIC

Status of Subpart V Regulation

- A copy of Subpart V was forwarded to the Office of General Council for legal review on February 2, 2001.
- The Cost Benefit Analysis was completed and is in the Research and Development concurrence process as of March 12.